



Saudi electricity tariff to build on existing foundation, reflect international best practice, says London Economics

BOSTON (December 15) – Saudi Arabia is working towards a revised electricity tariff which will reflect both local conditions and international best practice, says London Economics International (LEI). LEI, a Boston-based economic consulting firm, was recently selected by the Saudi electricity regulator, Electricity and Cogeneration Regulatory Authority (ECRA), to support in the design of electricity tariffs for the Kingdom of Saudi Arabia. LEI is joined by several consortium partners, including a strong suite of local experts. The main objective of the engagement will be to develop segregated generation, transmission, and distribution tariff structures and to design fair and easy-to-implement electricity tariffs.

Project tasks will include:

- assessing tariff design frameworks for compatibility with government needs and priorities, economic rigor, and appropriateness for the Saudi electricity context,
- developing tariff setting methodologies for generation, transmission, and distribution segments,
- developing sophisticated computer models to develop actual and forecast tariff levels under a variety of scenarios,
- analyzing and advising on structures to improve performance and efficiency,
- developing required regulatory tools such as tariff manuals and filing forms, and
- assisting in the establishment of a tariff review unit at ECRA.

The engagement was awarded after a lengthy and competitive bidding process. “We are delighted to have been engaged to support ECRA in this project,” said London Economics International President, and project leader, A.J. Goulding. “This is a crucial project in the development of the Saudi electricity sector, and we have brought together a consortium with the skills and experience needed to provide ECRA with pertinent and insightful advisory services.”

The London Economics International consortium includes law firm Cameron McKenna, regulatory specialists Meyrick & Associates, accounting firm AlHoshan, and King Fahd University of Petroleum and Minerals. London Economics is an economics consulting firm, focused on the infrastructure and energy sector. The firm has extensive experience providing support on regulatory issues and market design around the world. Legal support will be provided by esteemed law firm Cameron McKenna, which has been involved in advising on draft electricity sector-related legislation in Saudi Arabia. Meyrick & Associates is an economic consulting firm that has a strong background in tariff design and extensive expertise in developing effective incentive structures. AlHoshan is a Saudi accounting and consulting firm that has broad experience working with many major corporations in the region. Technical advisors from King Fahd University of Petroleum and Minerals will help to oversee the data collection and analysis effort.

For more information on the engagement or on ways that London Economics can provide advisory services that meet your needs, please contact us at 617-494-8200 or visit our website www.londoneconomics.com